



Ohio Revised Code

Section 5735.05 Levy of motor fuel excise tax - exceptions.

Effective: April 3, 2019

Legislation: House Bill 62 - 133rd General Assembly

(A) There is hereby levied a motor fuel excise tax on each motor fuel dealer, measured by gross gallons, upon the receipt of motor fuel within this state.

The tax is levied at the rates prescribed by divisions (E) and (F) of this section.

The revenue derived from twenty-eight cents per gallon of such tax rates shall be distributed under divisions (A), (B), (C), and (D) of section 5735.051 of the Revised Code to fund the following purposes in the following amounts:

(1) Seventeen twenty-eighths of the revenue shall be used solely to provide revenue for maintaining the state highway system; to widen existing surfaces on such highways; to resurface such highways; to pay that portion of the construction cost of a highway project which a county, township, or municipal corporation normally would be required to pay, but which the director of transportation, pursuant to division (B) of section 5531.08 of the Revised Code, determines instead will be paid from moneys in the highway operating fund; to enable the counties of the state properly to plan, maintain, and repair their roads and to pay principal, interest, and charges on bonds and other obligations issued pursuant to Chapter 133. of the Revised Code or incurred pursuant to section 5531.09 of the Revised Code for highway improvements; to enable the municipal corporations to plan, construct, reconstruct, repave, widen, maintain, repair, clear, and clean public highways, roads, and streets, and to pay the principal, interest, and charges on bonds and other obligations issued pursuant to Chapter 133. of the Revised Code or incurred pursuant to section 5531.09 of the Revised Code for highway improvements; to enable the Ohio turnpike and infrastructure commission to construct, reconstruct, maintain, and repair turnpike projects; to maintain and repair bridges and viaducts; to purchase, erect, and maintain street and traffic signs and markers; to purchase, erect, and maintain traffic lights and signals; to pay the costs apportioned to the public under sections 4907.47 and 4907.471 of the Revised Code and to supplement revenue already available for such purposes; to pay the costs incurred by the public utilities commission in administering sections 4907.47 to 4907.476 of the Revised Code; to distribute equitably among those persons using the privilege of



driving motor vehicles upon such highways and streets the cost of maintaining and repairing them; to pay the interest, principal, and charges on highway capital improvements bonds and other obligations issued pursuant to Section 2m of Article VIII, Ohio Constitution, and section 151.06 of the Revised Code; to pay the interest, principal, and charges on highway obligations issued pursuant to Section 2i of Article VIII, Ohio Constitution, and sections 5528.30 and 5528.31 of the Revised Code; to pay the interest, principal, and charges on major new state infrastructure bonds and other obligations of the state issued pursuant to Section 13 of Article VIII, Ohio Constitution, and section 5531.10 of the Revised Code; to provide revenue for the purposes of sections 1547.71 to 1547.77 of the Revised Code; and to pay the expenses of the department of taxation incident to the administration of the motor fuel laws.

(2) Two twenty-eighths of the revenue shall be used solely to pay the expenses of administering and enforcing the state law relating to the registration and operation of motor vehicles; to supply the state's share of the cost of planning, constructing, widening, and reconstructing the state highways; to supply the state's share of the cost of eliminating railway grade crossings upon such highways; to pay that portion of the construction cost of a highway project that a county, township, or municipal corporation normally would be required to pay, but that the director of transportation, pursuant to division (B) of section 5531.08 of the Revised Code, determines instead will be paid from moneys in the highway operating fund; to enable counties and townships to properly plan, construct, widen, reconstruct, and maintain their public highways, roads, and streets; to enable counties to pay principal, interest, and charges on bonds and other obligations issued pursuant to Chapter 133. of the Revised Code or incurred pursuant to section 5531.09 of the Revised Code for highway improvements; to enable municipal corporations to plan, construct, reconstruct, repave, widen, maintain, repair, clear, and clean public highways, roads, and streets; to enable municipal corporations to pay the principal, interest, and charges on bonds and other obligations issued pursuant to Chapter 133. of the Revised Code or incurred pursuant to section 5531.09 of the Revised Code for highway improvements; to maintain and repair bridges and viaducts; to purchase, erect, and maintain street and traffic signs and markers; to purchase, erect, and maintain traffic lights and signals; to pay the costs apportioned to the public under section 4907.47 of the Revised Code; to provide revenue for the purposes of sections 1547.71 to 1547.77 of the Revised Code and to supplement revenue already available for such purposes; to pay the expenses of the department of taxation incident to the administration of the motor fuel laws and to supplement revenue already available for such purposes; to pay the interest, principal, and charges on bonds and other obligations



issued pursuant to Section 2g of Article VIII, Ohio Constitution, and sections 5528.10 and 5528.11 of the Revised Code; and to pay the interest, principal, and charges on highway obligations issued pursuant to Section 2i of Article VIII, Ohio Constitution, and sections 5528.30 and 5528.31 of the Revised Code.

(3) Eight twenty-eighths of the revenue shall be used solely to supply the state's share of the cost of constructing, widening, maintaining, and reconstructing the state highways; to maintain and repair bridges and viaducts; to purchase, erect, and maintain street and traffic signs and markers; to purchase, erect, and maintain traffic lights and signals; to pay the expense of administering and enforcing the state law relative to the registration and operation of motor vehicles; to make road improvements associated with retaining or attracting business for this state; to pay that portion of the construction cost of a highway project that a county, township, or municipal corporation normally would be required to pay, but that the director of transportation, pursuant to division (B) of section 5531.08 of the Revised Code, determines instead will be paid from moneys in the highway operating fund; to provide revenue for the purposes of sections 1547.71 to 1547.77 of the Revised Code and to supplement revenue already available for such purposes; to pay the expenses of the department of taxation incident to the administration of the motor fuel laws and to supplement revenue already available for such purposes; to pay the interest, principal, and charges on highway obligations issued pursuant to Section 2i of Article VIII, Ohio Constitution, and sections 5528.30 and 5528.31 of the Revised Code; to enable counties and townships to properly plan, construct, widen, reconstruct, and maintain their public highways, roads, and streets; to enable counties to pay principal, interest, and charges on bonds and other obligations issued pursuant to Chapter 133. of the Revised Code or incurred pursuant to section 5531.09 of the Revised Code for highway improvements; to enable municipal corporations to plan, construct, reconstruct, repave, widen, maintain, repair, clear, and clean public highways, roads, and streets; to enable municipal corporations to pay the principal, interest, and charges on bonds and other obligations issued pursuant to Chapter 133. of the Revised Code or incurred pursuant to section 5531.09 of the Revised Code for highway improvements; and to pay the costs apportioned to the public under section 4907.47 of the Revised Code.

(4) One twenty-eighth of the revenue shall be used solely to pay the state's share of the cost of constructing and reconstructing highways and eliminating railway grade crossings on the major thoroughfares of the state highway system and urban extensions thereof; to pay that portion of the construction cost of a highway project that a county, township, or municipal corporation normally



would be required to pay, but that the director of transportation, pursuant to division (B) of section 5531.08 of the Revised Code, determines instead will be paid from moneys in the highway operating fund; to pay the interest, principal, and charges on bonds and other obligations issued pursuant to Section 2g of Article VIII, Ohio Constitution, and sections 5528.10 and 5528.11 of the Revised Code; to pay the interest, principal, and charges on highway obligations issued pursuant to Section 2i of Article VIII, Ohio Constitution, and sections 5528.30 and 5528.31 of the Revised Code; to provide revenues for the purposes of sections 1547.71 to 1547.77 of the Revised Code; and to pay the expenses of the department of taxation incident to the administration of the motor fuel laws.

(B) The revenue derived from any portion of the tax rates that exceeds twenty-eight cents per gallon of motor fuel shall be distributed under division (E) of section 5735.051 of the Revised Code to fund the purposes described in divisions (A) and (D) of this section, as provided in divisions (A) and (B) of section 5735.27 of the Revised Code.

(C) The tax imposed by this section does not apply to the following transactions:

(1) The sale of dyed diesel fuel by a licensed motor fuel dealer from a location other than a retail service station provided the licensed motor fuel dealer places on the face of the delivery document or invoice, or both if both are used, a conspicuous notice stating that the fuel is dyed and is not for taxable use, and that taxable use of that fuel is subject to a penalty. The tax commissioner, by rule, may provide that any notice conforming to rules or regulations issued by the United States department of the treasury or the Internal Revenue Service is sufficient notice for the purposes of division (C)(1) of this section.

(2) The sale of K-1 kerosene to a retail service station, except when placed directly in the fuel supply tank of a motor vehicle. Such sale shall be rebuttably presumed to not be distributed or sold for use or used to generate power for the operation of motor vehicles upon the public highways or upon the waters within the boundaries of this state.

(3) The sale of motor fuel by a licensed motor fuel dealer to another licensed motor fuel dealer;

(4) The exportation of motor fuel by a licensed motor fuel dealer from this state to any other state or foreign country;



(5) The sale of motor fuel to the United States government or any of its agencies, except such tax as is permitted by it, where such sale is evidenced by an exemption certificate, in a form approved by the tax commissioner, executed by the United States government or an agency thereof certifying that the motor fuel therein identified has been purchased for the exclusive use of the United States government or its agency;

(6) The sale of motor fuel that is in the process of transportation in foreign or interstate commerce, except insofar as it may be taxable under the Constitution and statutes of the United States, and except as may be agreed upon in writing by the dealer and the commissioner;

(7) The sale of motor fuel when sold exclusively for use in the operation of aircraft, where such sale is evidenced by an exemption certificate prescribed by the commissioner and executed by the purchaser certifying that the motor fuel purchased has been purchased for exclusive use in the operation of aircraft;

(8) The sale for exportation of motor fuel by a licensed motor fuel dealer to a licensed exporter described in division (DD)(1) of section 5735.01 of the Revised Code;

(9) The sale for exportation of motor fuel by a licensed motor fuel dealer to a licensed exporter described in division (DD)(2) of section 5735.01 of the Revised Code, provided that the destination state motor fuel tax has been paid or will be accrued and paid by the licensed motor fuel dealer.

(10) The sale to a consumer of diesel fuel, by a motor fuel dealer for delivery from a bulk lot vehicle, for consumption in operating a vessel when the use of such fuel in a vessel would otherwise qualify for a refund under section 5735.14 of the Revised Code.

Division (C)(1) of this section does not apply to the sale or distribution of dyed diesel fuel used to operate a motor vehicle on the public highways or upon water within the boundaries of this state by persons permitted under regulations of the United States department of the treasury or of the Internal Revenue Service to so use dyed diesel fuel.

(D) The use of any revenue from the tax levied under this section shall be used for construction,



maintenance, and repair of roads and bridges, the operational costs of applicable state agencies, or used to match other revenue for these purposes.

(E) Except as otherwise provided by division (F) of this section, the rates of tax imposed by this section on each gallon of motor fuel on and after July 1, 2019, shall be as follows:

- (1) Thirty-eight and one-half cents on each gallon of gasoline;
- (2) Forty-seven cents on each gallon of motor fuel other than gasoline.

(F) The tax on each gallon equivalent of compressed natural gas shall be:

- (1) Ten cents on and after July 1, 2019, and before July 1, 2020;
- (2) Twenty cents on and after July 1, 2020, and before July 1, 2021;
- (3) Thirty cents on and after July 1, 2021, and before July 1, 2022;
- (4) Forty cents on and after July 1, 2022, and before July 1, 2023;
- (5) Forty-seven cents on and after July 1, 2023.

(G) The tax commissioner may adopt rules as necessary to administer this section.